



TERANG & DISTRICT CO-OPERATIVE LIMITED
ANNUAL REPORT
2018-2019

Amanda Adams Elizabeth Aitken Thomas Andrews Benjamin Andrews Paul Bailey Nathan Bailey Jolene Bailey William Baker Nathan Barbary Connor Barbary Geoffrey Barby Leigh Barling Kyal Baxter Lauren Benallack Anthea Blackford Gary Blain Laneice Bond Remi Brooks Nigel Bruckner William Brumley Ian Bryce Tracey Byrne Belinda Byron Abbey Carlin Sandra Clementson Ian Cooper Jesse Cornelissen Hayden Costelloe Kenneth Danby Zoe Dean Charlotte Delaney Charles Duffus Glenn Dunbier Robert Durant John Duynhoven Christopher Fitzgerald Kevin Ford Glenice Ford Alexander French Dylan Frith Linda Fuge Wayne Geddes Darren Gee Kasey Gee Ashley Gee Hugh Giblin Julie Gray Janine Grinter Alara Harris Brianna Harris Tess Harris Toby Harris Emma Harrison Gayle Haworth Karen Hay Paul Hay Matthew Henderson Joella Hill Dylan Hoare Tegan Hoare Melissa Hoey Philip Howell Arlesha Hull Kym Jacobson Bruce Jansen Thomas Justin Bailey Kavenagh Lynn Kedwell Elizabeth Kelly Craig Kenna Brendan Kenna Linda Kenna Sophie Kidd Jordan Kidd Robert Kilvington Bruce Le Cerf Edward Lee Meghann Lenehan Maddison Lillico Fergus Lock Julie Lourey Kate Lucas Chelsea Lucas Peter Macdonald Bruce McDonald Sophia McGillivray Stephen McGillivray Lee McIntosh Malcolm McKay Brett McMaster Lachlan Meade Trevor Mee Harry Molan Hannah Moloney Grace Moloney Adam Moloney Faye Nance Evelyn Natha O'keeffe Dale O'connor Sarah Pekin Eleanor Pekin Charlotte Quick William Richardson Sharna Riches Gavin Riches Isabella Rochfort Daniel Rollo Dylan Rowe Damien Ryan Michael Savory Anthony Scroop Kimberly Sheen Harrison Smith Laura Teal Terry Thomas Anna Thomas Carly Unthank Georgia Vick Thomas Vickers Kenneth White Vicki Whiting Ben Wickenton Tyson Williams Kasey Wilson Amanda Adams Elizabeth Aitken Thomas Andrews Benjamin Andrews Paul Bailey Nathan Bailey Jolene Bailey William Baker Nathan Barbary Connor Barbary Geoffrey Barby Leigh Barling Kyal Baxter Lauren Benallack Anthea Blackford Gary Blain Laneice Bond Remi Brooks Nigel Bruckner William Brumley Ian Bryce Tracey Byrne Belinda Byron Abbey Carlin Sandra Clementson Ian Cooper Jesse Cornelissen Hayden Costelloe Kenneth Danby Zoe Dean Charlotte Delaney Charles Duffus Glenn Dunbier Robert Durant John Duynhoven



Our Co-Op Strategic PLAN

"The Co has floated like a cork over Terang for 100 years. Buffeted by drought, fire and burglary, rejigged by changes in technology, the imposition of federal wage rates, the Co has survived it all. And it must be said that, without the Co, Terang and its community would be a much lesser place. I hope that the Co survives all that that the 21st century has to throw at it, so that it might continue to act as the soul of Terang" – Bernard Salt, Terang Co-op 2008 Centenary Booklet



SHORT-TERM OBJECTIVES 2019

- Emphasis on addressing financial performance
- Update and communicate staff accountabilities
- Focus on culture and leadership development
- Business planning updates across the Co-op
- Review business and work practices

MEDIUM-TERM OBJECTIVES 2021

- Establish a master plan for Co-op sites
- Review capital funding requirements and options
- Implement improved information systems
- Leverage membership numbers to improve benefits
- Develop capability to identify and consider growth opportunities

LONG-TERM OBJECTIVES 2025

- Modern and functional facilities
- Smarter utilisation of the power of our co-operative membership
- Engaged and supportive members throughout the region
- Experienced, skilled and agile management
- Highly capable and engaged workforce

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Notice of GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 110TH ANNUAL GENERAL MEETING OF THE TERANG & DISTRICT CO-OPERATIVE LIMITED WILL BE HELD IN THE CO-OP BOARDROOM, 1ST FLOOR, 30-38 HIGH STREET, TERANG ON WEDNESDAY JUNE 26TH 2019 AT 11.00AM

DIRECTORS

Mr. Brendan Kenna
Mr. Matthew Henderson
Mrs. Vicki Whiting
Ms. Linda Kenna
Mr. Nigel Bruckner
Mr. Robert Durant
Mr. Geoff Barby

BUSINESS

1. To confirm the Minutes of the 109th Annual General Meeting held on 27th June 2018
2. To receive and adopt the Financial Statements, Directors' Report and Auditor's Report for the year ending February 28th 2019
3. To elect Directors
4. To receive the Chairman's Report
5. To receive the Chief Executive Officer's Report
6. To review remuneration of Directors
7. General Business



By order of the Board

DAMIEN RYAN

Co-operative Secretary

Chairman's REPORT

ON BEHALF OF THE BOARD OF DIRECTORS OF THE TERANG AND DISTRICT CO-OPERATIVE LTD, I AM PLEASED TO PRESENT THE 2018-2019 ANNUAL REPORT.

The year commenced in disastrous circumstances with the St. Patrick's Day fires at Terang and The Sisters/Garvoc areas causing massive destruction to those communities, the consequences of which are still being felt now. Fortunately, there was no loss of human life but large stock losses and massive damage to infrastructure was caused.

Once again, your Co-op stood ready to help as it has done throughout the years and support those victims of this disaster. Whether it was to supply food and essentials to those who had lost almost all their possessions, be a collection point for donations of goods and money, or make sure we had all the rebuilding materials necessary to help get these communities back up on their feet, your Co-op was at the forefront. It made us all very proud to live in a community which genuinely cares about helping when adversity strikes.

Despite all this, your Co-op continues to increase sales. Sales of nearly \$25m were achieved in 2018-19. We have also been focused on reducing our debt, making disciplined payment reductions through the trading period.

We have achieved a profit before tax of \$10,275 which, although not large, in the present climate needs to be appreciated with the challenges that have been faced. Your Board and Management have been very focused on positioning our business to be competitive in today's business world.

On the rural side of the business, the dairy industry continues to struggle to get back to profitability which has large repercussions for our Rural Division. We continue to evaluate our offer to make sure it is relevant to our members and customers, meeting their needs in this challenging environment. In November we welcomed Chris Fitzgerald as manager of the Rural Division and look forward to the benefits of his enthusiasm and new ideas.

The Supa IGA continues to perform well and deliver steady returns and gives us a solid base for our business. The Hardware Division continues to expand our offer to be relevant to our members and customers.

The Camperdown store was involved in an extensive relay in spring last year which has resulted in increased patronage and higher sales. All divisions of our Co-op increased sales on the previous year which is very encouraging.



We are pleased to welcome 134 new members to our Co-op this year and hope they will enjoy the benefits of being a member. In the last financial year our Co-op distributed \$183,106 in benefits to reward members for their business and loyalty. The older members of our community are also cared for with our seniors' discount which is very popular.

Another area your Co-op is very active in, is community support in the form of sponsorship. This year we distributed \$59,683 in sponsorship to the many sporting and community organisations which make up the fabric and very character of our community. This helps to keep our community strong and vibrant, giving benefits to all. The support of many of these organisations was invaluable in the aftermath of the St Patrick's Day fires.

On behalf of the Board, I would like to acknowledge the support of one of our greatest assets, namely our Management and Staff. The commitment to excellent service and caring for our members and customers sets our business apart from others and shows pride in our Co-op.

I would also like to acknowledge the dedication and support of my fellow Board Members for me as Chairman, and to our Co-op, in always striving to achieve the best results for our members and the community.

Finally, I would like to thank you, our members and customers because, without you, our Co-op would cease to be. Your continued support allows us to provide the services and products our membership and community needs to prosper and grow. We can all be very proud of our Co-op as we march into our 112th year of operation.

Thank you.

A handwritten signature in black ink, appearing to read "Brendan Kenna".

BRENDAN KENNA
Chairman

CEO REPORT

THE 2018-19 FINANCIAL YEAR PROVED TO BE ANOTHER CHALLENGING YEAR BEGINNING WITH THE ST PATRICK'S DAY FIRES IN MARCH 2018.

Although our trading turnover of \$24.9m was healthy, we failed to achieve our budget objectives in all divisions across the Co-op. Trading across the Rural Division remained difficult. Increased sales, including those resulting from the fires, were achieved but the underlying margins were less.

Total Co-op revenue remained healthy but margins slipped a little and wages were not contained sufficiently. This resulted in a minimal net profit at the final roundup of \$10,275. The Co-op was able to reduce debt by another \$480k over the year which is very healthy and offsets the disappointing profit result somewhat.

I am pleased that by the end of February 2019, stock values remained around those of the previous year's levels with improved stock turns. We were able to make further reduction in accounts receivable to the Co-op this year. These are two factors that have allowed the Co-op to continue to pay down loan debt over the year, delivering a more solid platform to launch forward from in the future.

Management worked with the Board of directors and consultants in breaking the strategic plan down to a more operational level which becomes our focus for 2019-20. Each division has their operational plan approved and management will set about focussing on achieving the change required. The operating plans focus on each division achieving industry benchmarks across their operations. This means some changes in the way we operate but overall the changes are designed around continual improvement of our performance and customer service levels.

My focus over the year has been on the following crucial aspects of the business divisions:

- Liquidity improvement;
- Stock reduction, including both slow moving and dead stock;
- Accounts receivable;
- Strategic planning;
- Change management of the Co-op and staff culture.

Change in company culture takes time and willingness from employees to embrace changes, either small or large. As a result of addressing cultural change to improve business outcomes we have lost some longstanding employees. I am sure this causes concern among membership but please be assured the staff changes have allowed us to recruit the best people possible. Such changes are in line with the business needs of our operational strategy and consider the outcomes expected of a co-operative in today's world.



I have chosen to focus on the qualities and business experience of the managers who have replaced the staff members that have chosen to move on. The new management team are charged with building a stronger, more resilient Terang Co-operative. We will now work towards ensuring that there is a well-trained group of successors waiting in the wings for their chance to step up and achieve formidable business results. Competent managers that are onboard with our strategic plans will make a more robust business, focused on a successful Co-op future.

The Supa IGA Supermarket continues to lead our business activities this year and performed well, delivering sales in excess of \$12.7m. This confirms the strength of the Supa IGA business and exhibits value into the community by attracting good daily traffic flow to the town. Although we recognise that much of the current shopping is top up shopping, we are continually working on our range offer, especially in the fresh departments, with a target of encouraging additional full shopping customers as well.

Our online shopping continues to meet the needs of a segment of our customer base. We have a steady flow of online shoppers every week either using the home delivery, in Terang, or our "click and collect" option which remains popular.

The Supa IGA team have worked diligently on their responsibilities to reduce total stock levels and increase turnover. We continued to make improvements within our store operations with a continual eye kept on stock levels, reducing wastage and consequently increasing stock turns above 12 times per annum.

We are pleased that you find our supermarket a great place to shop and, more often, to catch up with neighbours and friends too. I wish to take this opportunity to thank Paul Bailey and the Supa IGA team and congratulate them on another great trading year.

Change is the only word that can describe the CRT store in 2018-19. Whilst it was sad to lose the experience of a team of staff that had been together a considerable time, the implosion of the CRT team created an opportunity to set new standards for new staff.

Chris Fitzgerald joined us in November as the Rural Division Business Manager, covering both the CRT store and 360 Dairy Solutions, with a mandate to rebuild two businesses that had been trending backwards for several years.

The new CRT team has taken the time to identify the strengths and opportunities within the core business. The strategic planning is complete and in the new financial year Chris and the team are putting those plans into place. CRT continues to change and improve every week

and we depend heavily on member support to help us to grow this business into a strong supportive rural store that meets member needs and expectations.

As with CRT, the 360 Dairy Solutions business struggled to perform as expected. We depended on a number of dairy upgrades and feed system installs to ensure a healthy return to members. At the end of the day it was the feed system installs that was the backbone of the operation for the year whilst the number of dairy upgrades was a little short of plan.

With Chris Fitzgerald's appointment to lead this team in late November, we have seen a considerable lift in performance and with the strategic planning in place we have high expectations for the 360 Dairy Solutions business in 2019-20. I would like to thank the whole team at 360 Dairy Solutions for their contributions to the business and their unfailing loyalty and commitment to the business throughout the year.

Both the Co-op's Home Timber & Hardware stores, in Terang and Camperdown, traded very much to plan with small increases in sales for the year. The Hardware division did not meet expectations in so far as bottom line performance is concerned which is very disappointing.

In order to change the pattern of performance, the Board approved a considerable capital spend for the Camperdown store. The upgrade in the store and introduction of a garden centre began late in September and made an immediate impact on performance.

In the first 6 months of the year the Camperdown store had performed poorly but, with a fresher and more attractive store, and an improved retail offer, this has reinvigorated the business. The first six months of the year had resulted in a decline in transaction levels over the previous financial year. By the end of this financial year, the number of customer transactions had grown by 3,000 with sales growth to support this. We still have a way to go but a very disturbing trend has been reversed and, with increased sales growth, we expect a vastly different result in the new financial year.

I would like to thank the Camperdown Hardware staff members who supported the improvements and worked very diligently towards a positive outcome. Thanks especially go to Jo Bailey who assisted with the store relay and arranged the garden centre development and continues to support the Camperdown team and develop the retail and garden offer further to meet the needs of the community.

Terang Hardware traded well with 9% sales growth over the previous year and a net profit above budget expectations. However, the return on investment for the Co-op is below benchmark levels.

The strategic plan developed by the Home Timber & Hardware management team is expected to address these shortcomings. Stock holdings remained much the same as at the end of the previous financial year. Stock control remains an issue across both stores. The strategic plan for the Hardware Division will address the need to implement far tighter stock controls whilst ensuring the in-stock levels continually improve for customers.

Marketing of both stores was lifted to another level through the year by taking advantage of social media

such as Facebook and email. This immediate media will continue to be a focus for the Co-op with other divisions experiencing success with social media promotions.

The Hardware Division team under Gary Blain's management continued to perform to a previous standard but they now have some big goals ahead of them in ensuring an adequate return on investment for the Co-op whilst continually improving the business operations in Camperdown and Terang.

Whilst this last year has not performed to expectations for the Co-op overall, we have made substantial progress in a number of areas within the business. An improvement in stock turn, some reduction in slow moving and dead stock, coupled with a reduction in longer term debt, place the Co-op in a stronger position than we were at the beginning of the year.

We now have in place an operational strategy providing the roadmap to the future and look forward to the opportunities that are available. We are assured that members will continue to see further improvements across our trading businesses in this next financial year.

In early June 2018, we were again very pleased with your support of our annual Members' Week celebration where we partnered with our suppliers to provide great deals to reward our loyal members. The feedback from this event has encouraged us to continue this support of our members, recognising the support you show us when you shop locally at the Co-op, and to reinforce the value of being a Co-op member.

I appreciate the Board's support and guidance for the management group and team members throughout the Co-op. I record my appreciation for all their efforts. It is a team I am pleased and proud to be part of.

In conclusion, I would like to say thank you to you all, our loyal customers and valued members of the Co-op. It is exciting and challenging to continue to take this business to new levels with careful investment and developing opportunities for the long-term future of the Co-op and the community. Along with the management team, I look forward to celebrating another year's trading in 2019-20 and, beyond that, building and adding value to the strengths of the Terang and District Co-operative Limited.



KEVIN FORD
Chief Executive Officer

Directors' REPORT

YOUR DIRECTORS PRESENT THEIR REPORT ON THE TERANG & DISTRICT CO-OPERATIVE LIMITED FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019.

DIRECTORS

The names of the directors in office at any time during, or since the end of the year are:

Mr Brendan Kenna - Chairman

Mr Geoff Barby - Deputy Chairman

Mr Matthew Henderson

Mr Nigel Bruckner

Ms Vicki Whiting

Ms Linda Kenna

Mr David Rae - resigned 31/10/2018

Mr Robert Durant - appointed 31/10/2018

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' MEETINGS

Directors meeting attendance for the year was as follows:

DIRECTOR	ATTENDED	ELIGIBLE
Brendan Kenna	10	11
Matthew Henderson	8	11
Nigel Bruckner	10	11
Vicki Whiting	9	11
Linda Kenna	10	11
David Rae	7	8
Geoff Barby	7	11
Robert Durant	3	3

Additionally, all directors participate in one or more sub-committees that meet periodically to work through more detailed activities to streamline board meetings. All recommendations from these committees are reported to the full board for adoption.

COMMITTEE	MEMBERS
Finance and Audit	Geoff Barby Brendan Kenna
Governance	Brendan Kenna Linda Kenna
Strategy and Risk	Vicki Whiting Geoff Barby Robert Durant

RESULT

The net operating profit of the Terang & District Co-operative Limited for the financial year after providing for income tax amounted to \$17,079 (2018 : \$4,602).

ACTIVITIES

The principal activities of the Co-operative in the course of the year have been to retail food and general

merchandise and otherwise carry on the business of trading under the Co-operatives National Law Application Act 2013. No significant change in the nature of these activities occurred during the year.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years.

LIKELY DEVELOPMENTS

Likely developments in the operations of the Co-operative and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Co-operative.

ENVIRONMENTAL ISSUES

The Co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

DIVIDENDS

No dividends have been declared for the year ended 28 February 2019.

INDEMNIFYING OFFICERS OR AUDITOR

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Co-operative.

PROCEEDINGS AGAINST THE CO-OPERATIVE

No person has applied for leave of Court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

The Co-operative was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

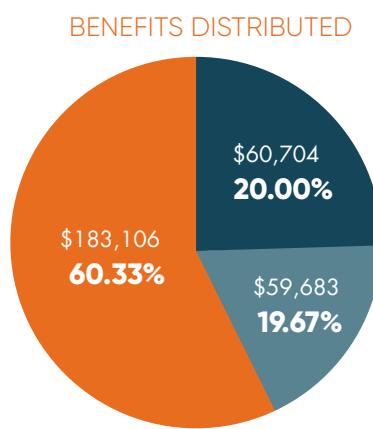
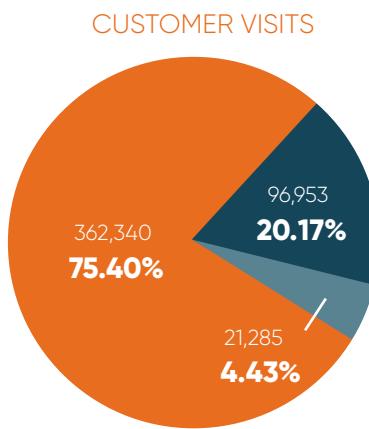
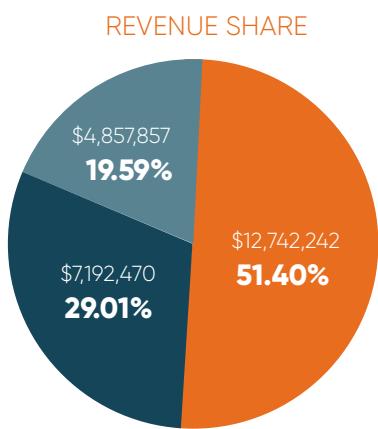
A copy of the auditor's independence declaration as required under 307C of the Corporations Act 2001 is included in the full financial report.

Signed in accordance with a resolution of the Board of Directors:

BRENDAN KENNA
Chairman

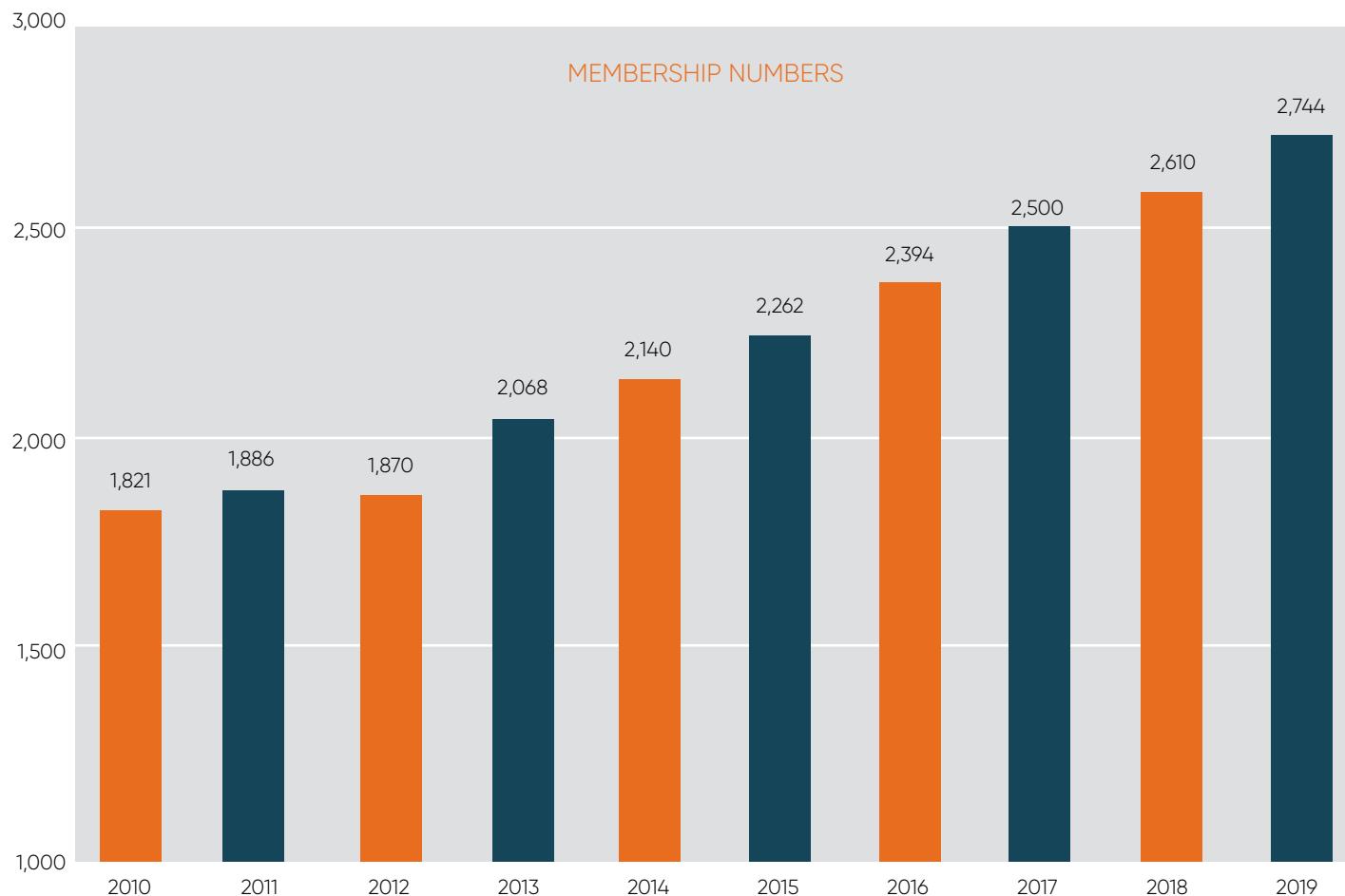
Signed at Terang this 29th day of May 2019.

The 2018-2019 year AT A GLANCE

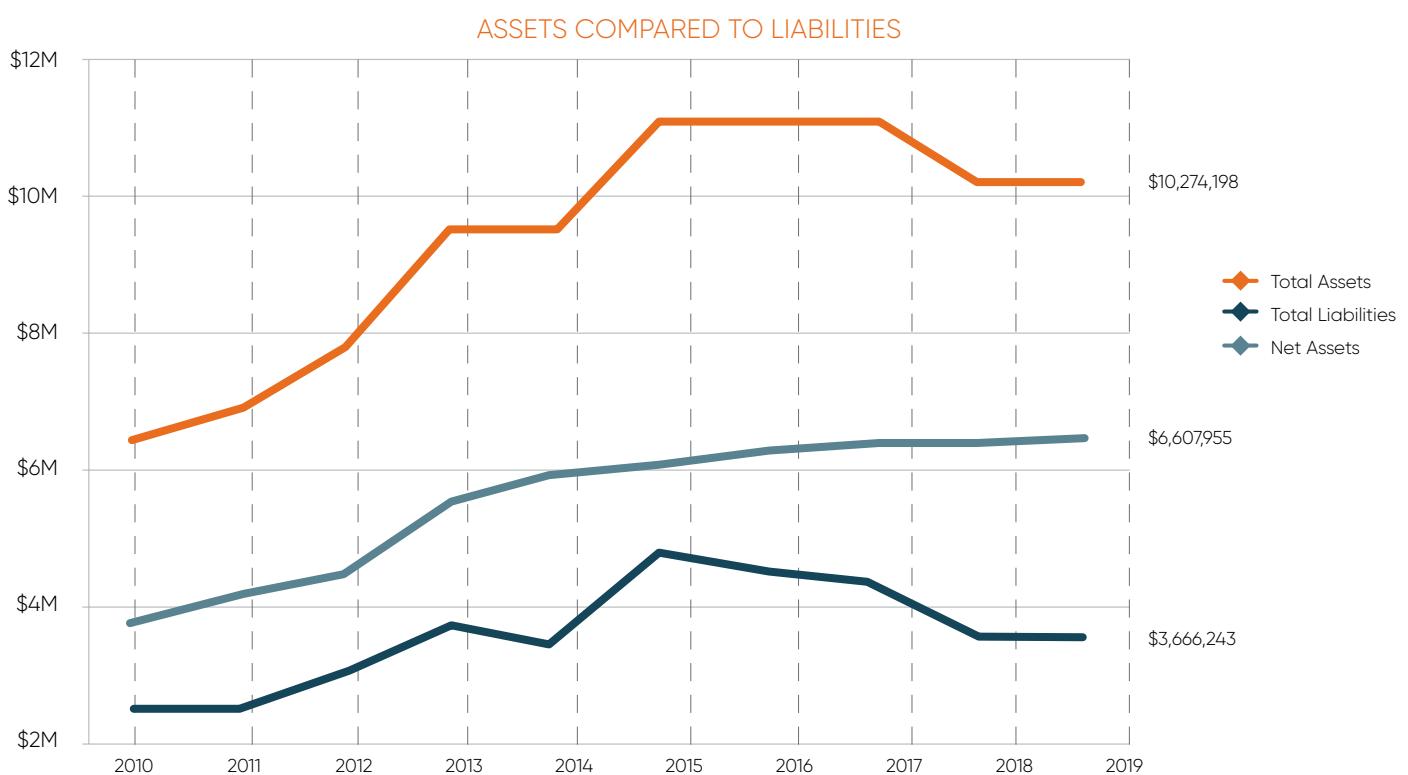
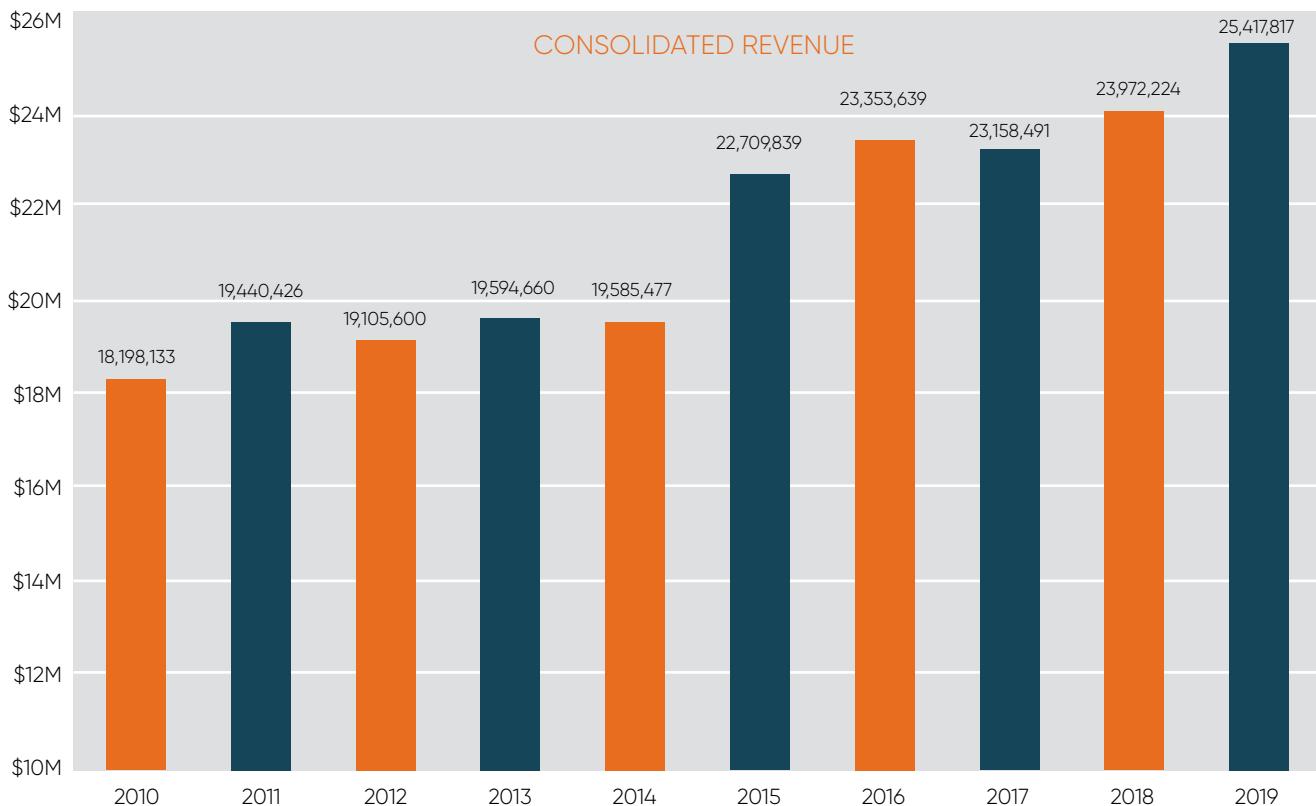


- HOME Hardware & Timber
- CRT Rural & Dairy Services
- IGA Supermarket

- Sponsorships & Donations
- Discounts for Seniors, Hospitals & Staff
- Member Rewards



The 2018-2019 year AT A GLANCE



Managers' COMMENTS

JO BAILEY

**Retail Manager, on behalf of Terang & Camperdown
HOME Timber & Hardware stores**

CHANGE AND GROWTH IN 2019

As another financial year comes to a close, the Hardware team is pleased that 2019 saw a continued increase in sales in both the Terang and Camperdown Home Timber & Hardware stores. This year's Hardware Division turnover grew by 4.2%. This was only achieved with the support of our loyal retail and trade customers, so we would like to take this opportunity to thank all our members who have been a customer in our stores in this past year.

Recently, members and customers would have noticed a new retail experience when visiting our Camperdown Hardware store. If you have not visited in the last 6 months, please do, as you will be pleasantly surprised with our new updated store.

In mid-year 2018 we conducted a survey asking our Camperdown customers' thoughts on the strengths & weaknesses within our Hardware Store. While we received a lot of good customer feedback, some special areas were highlighted that we could build on. After reviewing the outcome of our members' survey we developed and implemented a plan to revamp not only the inside of the hardware store but also to review the stock ranges, increase our Garden Care offer and bring a garden centre to the Camperdown community.

In September we started a complete relay of the shop floor, including moving whole departments, and stock categories to improve the shopping flow of the store. The older shelving was removed and replaced with new racking. While we were moving the stock it gave us the opportunity to review the ranges we had in store and introduce many new stock items to meet our customers' needs.

Our customers were keen to see us open the garden centre. This was completed in November with our Grand Opening being held in late November. Our garden centre now stocks a fresh range of seedlings, potted colour, herbs, roses, perennials and much more.

Focusing on the retail side, we now stock a great range of glazed and decorative pots, garden ornaments along with some housewares, giftware for all occasions, all the power tools, general hardware and the usual DIY needs. We now have a great little hardware store in Camperdown which is clean, fresh and welcoming and focused on the needs of the Co-op members and the Camperdown community.

We focused a lot of our energies on our Camperdown offer as the store has not returned on the initial investment. Going into the 2019/20 financial year we will now be working with a more financially viable business which we plan to continue to grow and develop further.

This year we have continued to work on our Terang Hardware offer, considerably improving the total power tool category. We have reviewed every price point to ensure market competitiveness.

We continue to receive great feedback from customers and increased sales as well. The outdoor range continues to increase both in space and sales. It should also be noted that last winter was great for our wood heater range. We are continually reviewing our pricing to ensure that we are in line with market movements.

We are working every day to improve our in-stocks and hope to vastly improve our deliver in full on time (DIFOT) standard in this coming financial year. In February we repeated our Carpark Sale and, again, this was a great success. We will revisit this again sometime in the next financial year, with newer products and great bargains.

We have continued to make successful changes over the past year to both our HOME stores thanks to the fresh insight and learnings we have gathered from visits to other stores and attending industry expos during the year.

We would like to thank the whole HTH team for their support and help this year. In particular, we would like to thank Gary Blain and wish him well after his period of great service, nearly 17 years, to the Co-op's members and to customers of Terang Hardware.

Going forward, we will appoint a Trade Manager within the Hardware Division to help meet the needs of members and customers in both stores in a more specialized way. Stay tuned.





PAUL BAILEY

Manager of the Supa IGA store

ANOTHER GOOD YEAR FOR OUR CO-OP SUPERMARKET!

It has been another pleasing year for the Supermarket with continual growth again over the past twelve months. Revenue for the supermarket finished on \$12.7m in sales which was a 4.3% increase on last year. This has been a very pleasing result with the everyday pressure to be competitive and the rising costs of doing business.

This could not have been achieved without my hard working and dedicated managers and staff to deliver our great customer service and the tasks they perform every day to make sure our store is always ready to be able to supply and serve our members.

Online shopping and home delivery continue to be popular with our members and customers, taking advantage of the convenience of having grocery orders picked, packed and delivered to their homes.

I would like to thank our members and customers for their ongoing support and loyalty over the past twelve months. We could not continue to grow and have a successful year without their support.

This year we have updated our Strategic Plan for the next five years, with short, medium and long term goals. This will give us a good direction to help take the business forward.

Every year we are continually reinvesting back into the business, whether its product training for staff, online courses or face to face workshops. We are always trying to improve our knowledge wherever possible.

We also continually review our range of products to meet our members' needs. A lot of our focus over the next twelve months will be on our fresh and ready meal offer across the Supermarket.

During the past twelve months we said goodbye to Jim Burns from our Fruit & Veg Department. I would like to thank Jim for his hard work and contribution to the Supermarket in the time he spent with us. We welcomed Nick Koroneos to the team to replace Jim.

I would also like to congratulate Darren Gee and Brianna Harris on achieving 10 years of service and to Karen and Paul Hay for achieving over 30 years of service to the Co-op.

Once again, thank you for the support and we look forward to continuing to be the best we can be to meet all our members' needs over the next twelve months.



CHRISTOPHER FITZGERALD

Manager of Rural Division - CRT & 360 Dairy Solutions

POSITIVE CHANGE MOVING FORWARD WITHIN THE RURAL DIVISION AS WE MAKE CHANGE FOR THE BETTER!

I thank and acknowledge Trevor Dowd & Scott Phillips for their years of service within the Rural Division, at CRT and 360 Dairy Solutions respectively, and wish them all the best in their new careers.

Once being appointed to the role, a review of our internal systems and procedures has brought to light deficiencies which have contributed to poor trading outcomes in recent years. Inadequate stock management, including stock-take adjustments, merchandising and general inventory procedures, were contributing factors to the poor performance in 2019.

The lack of confidence in the dairy industry meant many projects were deferred by farming members.

A strategic plan for the Rural Division has been drafted to address current issues and improve. The focus is on establishing a first-class stock control system and working towards a positive financial contribution to the Co-op.

Rural Division Assistant Managers have been appointed, with Leigh Barling at CRT and Ken White at 360 Dairy Solutions, to assist with the delivery and implementation of procedures, systems and daily operations. Together, both management and staff are working towards a positive change within the Rural Division.

I take this opportunity to thank the staff at both CRT and 360 Dairy Solutions for their dedication and support.

The CRT store has currently undergone a revamp to allow for an additional 105 pallet spaces. This is now completed and allows for greater buying capacity. The focus is now on renewing the showroom's offer.

Over both stores, a focus on customer service and becoming price competitive are the twin aims. This will allow us to drive sales, service our customers and deliver on our members' expectations.

Overall, the Rural Division has started to see a positive direction, with staff morale improving. We continue to refine and improve our process, systems and procedures to see customer service improve.

I would like to thank all members and customers for their ongoing loyalty and support to the Rural Division and we look forward to supporting them for years to come.

Although the Rural Division again finished at a loss, there is positivity ahead.

2018 - 2019 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
DIRECTORS' DECLARATION & CONCISE
FINANCIAL REPORT FOR THE YEAR ENDED
28 FEBRUARY 2019

DIRECTORS DECLARATION

The directors of the Co-operative declare that the Concise Financial Report for the year ended 28 February 2019, including the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial report:

- (a) comply with Accounting Standard, AASB 1039 Concise Financial Reports; and
- (b) is an extract from the full financial report for the year ended 28 February 2019 and has been derived from and is consistent with the full financial report of Terang & District Co-operative Limited.

This declaration is made in accordance with a resolution of the Board of Directors.



BRENDAN KENNA
Chairman

Signed at Terang this 29th day of May 2019.

CONCISE FINANCIAL REPORT

The concise financial report is an extract from the full financial report for the year ended 28 February 2019. The financial statements and disclosures in the concise financial report have been derived from the 2019 Financial Report of Terang & District Co-operative Limited. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request. The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Terang & District Co-operative Limited financial statements and the information contained in the concise financial report has been derived from the full 2019 Financial Report of Terang & District Co-operative Limited.

INCOME STATEMENT

The profit before income tax for the 2019 financial year is \$10,275 which represents an increase of \$375 on the \$9,900 profit for the previous year. The Hardware segment sales increased by over 4%, with margins derived being close to expectations, but the costs of doing business rose similarly. In the Rural segment, sales rose by over 6% overall, assisted by sales of some new stock lines which helped compensate for subdued sales in base stock lines. Payroll

and overheads were controlled but the lower margins meant that the net result was worse than the prior year. The Supermarket segment was again the solid performer. Sales growth of over 4% whilst maintaining margins. Growth in trading profits not only covered the increased cost of doing business but provided that extra profit for the Co-op overall. Overall, the Co-op's sales and gross profit were less than expected in 2019 but sufficient to cover the actual growth in operating costs.

BALANCE SHEET

Loan debt was reduced by \$480,000. Property, plant and equipment balances reduced due to less acquisition activity compared to depreciation charges. Inventory balances were very similar.

CASH FLOW STATEMENT

The Co-op's cash flow from operations was hampered by the low profit result in 2019. However, cash sheltered by depreciation charges and lower capital expenditure helped fund loan reductions. Likewise, the accumulation of trade payables, within terms, surpassed that of receivables to also free up working capital. This helped the cash flow, allowing debt reduction to continue.

2018 - 2019 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
DIRECTORS' DECLARATION & CONCISE
FINANCIAL REPORT FOR THE YEAR ENDED
28 FEBRUARY 2019

STATEMENT OF COMPREHENSIVE INCOME

	2019 \$	2018 \$
Revenue	25,417,817	23,972,224
Cost of inventories	(19,478,972)	(18,153,491)
Employee benefits expense	(3,999,204)	(3,917,907)
Depreciation expense	(290,926)	(314,659)
Finance costs	(24,198)	(42,219)
Other expenses	(1,614,242)	(1,534,048)
Profit before income tax	10,275	9,900
Income tax expense	6,804	(5,298)
Profit for the financial year	17,079	4,602
Other comprehensive income		
Revaluation of land and buildings	-	5,032
Revaluation gain/(loss) on available-for-sale assets	17,970	4,330
Total comprehensive income for the year	35,049	13,964

The accompanying notes form part of these financial statements

2018 - 2019 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2019**

BALANCE SHEET

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		85,271	154,450
Trade & other receivables		1,233,459	1,118,789
Inventories		3,690,687	3,640,836
TOTAL CURRENT ASSETS		5,009,417	4,914,075
NON-CURRENT ASSETS			
Financial assets		73,567	55,597
Property, plant and equipment	3	4,983,535	5,151,013
Deferred tax assets		207,679	174,199
TOTAL NON-CURRENT ASSETS		5,264,781	5,380,809
TOTAL ASSETS		10,274,198	10,294,884
CURRENT LIABILITIES			
Trade and other payables		2,089,851	1,782,140
Other liabilities		85,265	76,057
Interest bearing liabilities	4	345,000	-
Tax liabilities		29,225	(57,901)
Provisions		448,495	430,190
TOTAL CURRENT LIABILITIES		2,997,836	2,230,486
NON-CURRENT LIABILITIES			
Interest bearing liabilities	4	2,000	827,000
Tax liabilities		634,005	645,272
Provisions		32,402	9,927
TOTAL NON-CURRENT LIABILITIES		668,407	1,482,199
TOTAL LIABILITIES		3,666,243	3,712,685
NET ASSETS		6,607,955	6,582,199
EQUITY			
Contributed equity		152,816	156,718
Reserves		2,157,028	2,144,449
Retained profits		4,298,111	4,281,032
TOTAL EQUITY		6,607,955	6,582,199

The accompanying notes form part of these financial statements

2018 - 2019 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2019**

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Retained Surplus	Revaluation Surplus	Revaluation Reserve	Financial Asset	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 March 2017	151,054	4,276,430	2,109,188	28,257		6,564,929
Surplus for the year	-	4,602	-	-		4,602
Other comprehensive income	-	-	5,032	4,330		9,362
Tax effect	-	-	-	(2,358)		(2,358)
Shares issued/(redeemed)	5,664	-	-	-		5,664
Balance at 28 February 2018	156,718	4,281,032	2,114,220	30,229		6,582,199
Balance at 1 March 2018	156,718	4,281,032	2,114,220	30,229		6,582,199
Surplus for the year	-	17,079	-	-		17,079
Other comprehensive income	-	-	-	17,970		17,970
Tax effect	-	-	-	(5,391)		(5,391)
Shares issued/(redeemed)	(3,902)	-	-	-		(3,902)
Balance at 28 February 2019	152,816	4,298,111	2,114,220	42,808		6,607,955

The accompanying notes form part of these financial statements

2018 - 2019 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2019**

STATEMENT OF CASH FLOWS

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	25,302,192	24,297,351
Payments to suppliers and employees	(24,783,684)	(23,697,462)
Finance costs	(24,198)	(42,219)
Income tax paid	43,792	(101,038)
Net cash provided by / (used in) operating activities	538,102	456,632
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant & equipment	(139,029)	(188,660)
Proceeds from sale of property, plant & equipment	15,650	44,934
Net cash (used in) investing activities	(123,379)	(143,726)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(480,000)	(271,100)
Proceeds from share issue	-	5,664
Payment for shares redeemed	(3,902)	-
Net cash provided by / (used in) financing activities	(483,902)	(265,436)
Net increase / (decrease) in cash held	(69,179)	47,470
Cash and cash equivalents at beginning of year	154,450	106,980
Cash and cash equivalents at end of year	85,271	154,450

The accompanying notes form part of these financial statements

2018 - 2019 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2019**

NOTE 1: BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report is an extract from the full financial report for the year ended 28 February 2019. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports, the Co-operatives National Law Application Act 2013 and the Corporations Act 2001.

The financial statements, specific disclosures and other information included in the concise financial report are derived from, and are consistent with, the full financial report of Terang & District Co-operative Limited. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Terang & District Co-operative Limited as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The financial report of Terang & District Co-operative Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. The presentation currency used in this concise financial report is Australian dollars.

NOTE 2: SEGMENT INFORMATION

(a) Description of segments

The Co-operative has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments is as follows:

Timber & Hardware		Rural		Supermarket		Administration		Total	
2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Total segment revenue									
7,192,470	6,899,861	4,857,857	4,559,653	12,742,242	12,346,424	181,144	166,285	24,973,713	23,972,223
Total segment expenses									
(7,246,883)	(6,979,646)	(5,062,263)	(4,702,130)	(12,473,148)	(12,114,262)	(181,144)	(166,285)	(24,963,438)	(23,962,323)
Operating result before tax									
(54,413)	(79,785)	(204,406)	(142,477)	269,094	232,162	-	-	10,275	9,900
Segment assets									
1,608,657	1,484,765	1,283,963	1,335,207	798,067	820,864	6,583,511	6,654,048	10,274,198	10,294,884
Segment liabilities									
-	-	-	-	-	-	3,666,243	3,712,685	3,666,243	3,712,685

2018 - 2019 FINANCIALS

TERANG & DISTRICT CO-OPERATIVE LIMITED
CONCISE FINANCIAL REPORT FOR THE YEAR
ENDED **28 FEBRUARY 2019**

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	2019 \$	2018 \$
Land - at valuation	1,480,000	1,480,000
Buildings - at valuation	2,575,000	2,575,000
Accumulated depreciation	(83,309)	-
	<hr/>	<hr/>
	2,491,691	2,575,000
Buildings - at cost	56,552	46,392
Buildings - at valuation	98,608	98,608
Accumulated depreciation	(5,198)	-
	<hr/>	<hr/>
	149,962	145,000
Buildings - leasehold improvements	63,889	56,769
Accumulated depreciation	(53,536)	(44,176)
	<hr/>	<hr/>
	10,353	12,593
Total Buildings	2,652,006	2,732,593
Plant & Equipment - at cost	2,678,835	2,574,378
Accumulated depreciation	(1,929,650)	(1,762,430)
	<hr/>	<hr/>
	749,185	811,948
Motor Vehicles - at cost	443,968	443,968
Accumulated depreciation	(341,624)	(317,497)
	<hr/>	<hr/>
	102,344	126,472
Works in progress	-	-

NOTE 4: BORROWINGS

	2019 \$	2018 \$
Current		
Bank loan - secured (a)	345,000	-
Non Current		
Bank loan - secured (a)	2,000	827,000
Total borrowings	347,000	827,000

(a) Secured liabilities

All credit facilities with the Commonwealth Bank of Australia are secured by a first registered mortgage over the properties situated at 30-38 High Street and 1-5 and 2-4 Baynes Street Terang. Loans are also secured by equitable charge over the assets of the business.



Audit REPORT

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE TERANG AND DISTRICT CO-OPERATIVE LIMITED

OPINION

We have audited the concise financial report of Terang and District Co-operative Limited (the Co-operative), which comprises the balance sheet as at 28 February 2019, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and related notes, derived from the financial report of Terang and District Co-operative Limited for the year ended 28 February 2019 and the discussion and analysis.

In our opinion, the accompanying concise financial report, including the discussion and analysis of Terang and District Co-operative Limited, complies with Accounting Standard AASB 1039 Concise Financial Reports.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Co-operative in accordance with the auditor independence requirements of the Corporations Act 2001 and Co-operatives National Law Application Act 2013 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCISE FINANCIAL REPORT

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the financial report and the auditor's report thereon.

THE FINANCIAL REPORT AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the financial report in our report dated 30 May 2019.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONCISE FINANCIAL REPORT

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONCISE FINANCIAL REPORT

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with AASB 1039 Concise Financial Reports and whether the discussion and analysis complies with AASB 1039 Concise Financial Reports based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.



MCLAREN HUNT AUDIT AND ASSURANCE
Chairman



C.J. KOL
Partner

Dated at Warrnambool: 30 May 2019

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Murray to Moyne Racing Club
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The Sisters Terang Bowling
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